

PUBLIC SESSION MINUTES
North Carolina State Board of CPA Examiners
August 20, 2007
1101 Oberlin Road
Raleigh, NC 27605

MEMBERS ATTENDING: Arthur M. Winstead, Jr., CPA, President; Michael C. Jordan, CPA, Vice President; Jordan C. Harris, Jr., Secretary-Treasurer; Norwood G. Clark, Jr., CPA; Tyrone Y. Cox, CPA; Thurman L. Gause; and Leonard W. Jones, CPA.

STAFF ATTENDING: Robert N. Brooks, Executive Director; J. Michael Barham, CPA, Deputy Director; Lisa R. Hearne, Manager-Communications; Ann J. Hinkle, Manager-Professional Standards; Buck Winslow, Manager-Licensing; and Noel L. Allen, Legal Counsel.

GUESTS: James T. Ahler, CEO, NCACPA; Sharon Bryson, COO, NCACPA; and Curt Lee, Legislative Liaison, NCSA.

CALL TO ORDER: President Winstead called the meeting to order at 10:02 a.m.

MINUTES: The minutes of the July 23, 2007, meeting were approved as submitted.

FINANCIAL AND BUDGETARY ITEMS: The July 2007 financial statements were accepted as submitted.

Messrs. Cox and Harris moved to accept the Board audit report for the year ending March 31, 2007. Motion passed (Appendix I).

NATIONAL ORGANIZATION ITEMS: Messrs. Winstead and Cox moved to approve the response to the FASB Exposure Draft on *Accounting for Transfers of Financial Assets and Repurchase Financial Transactions*. Motion passed.

Messrs. Jones and Winstead moved to approve the response to the PCAOB Exposure Draft on Rule 3523, *Tax Services for Persons in Financial Reporting Oversight Roles* and Rule 3256, *Communication with Audit Concerning Independence*. Motion passed.

STATE AND LOCAL ORGANIZATION ITEMS: Messrs. Jones and Harris moved to approve a resolution regarding the mobility of CPAs as related to the UAA Exposure Draft on Sections 23, 7, and 14. Board members, Executive Staff, and Legal Counsel discussed the matter. Messrs. Jones and Harris moved to take a 30 minute recess to revise the language of the resolution. Motion passed. Upon re-entering Public Session, Messrs. Jones and Harris moved to approve a revised resolution by substitute motion. Motion passed with five (5) affirmative and two (2) negative votes (Appendix II).

REPORT OF THE PROFESSIONAL STANDARDS COMMITTEE: Mr. Clark moved and the Board approved the following recommendations of the Committee:

2005-051, 200511-063, and C2007657 – Approve a Notice of Hearing for Mary Alayne Ferguson, Frederick Charles Garges, and Vance Floushouse & Garges, PLLC, for December 19, 2007, at 10:00 a.m.

200601-005, 200601-006 – Maurice S. Hamilton – Approve the signed Consent Order (Appendix III).

C2007563 – Candace Bunn Davies - Approve the signed Consent Order (Appendix IV).

200506-039 – Brenda Jones Markham – Messrs. Clark and Harris moved to approve the signed Consent Order. Motion passed with seven (7) affirmative votes (Appendix V).

200605-036 – Ralph Q. Summerford and Ralph Q. Summerford, CPA, P.C. – Messrs. Harris and Jones moved to approve the signed Consent Order. Motion passed with six (6) affirmative votes. Mr. Clark did not participate in the discussion of this matter nor did he vote on the matter (Appendix VI).

REPORT OF THE PROFESSIONAL EDUCATION AND APPLICATIONS COMMITTEE: Mr. Cox moved and the Board approved the following recommendations of the Committee:

Transfer of Grades Applications - The following were approved:

Moria R. Brass
Walker James Grossell

Michelle Pearson Kirkman
Matthew Joseph Spano

Original Certificate Applications - The following were approved:

Samantha Snyder Akers
Rebecca Lynn Anderson
Jonathan Alan Bethel
John A. Bitsas
Moria R. Brass
Crystal Michelle Butler
Jonathan George Davis
Katherine Yeager Dunn
Ashley Harbinson Ensley
Kristopher Louis Finsel
Ryan Curt Godfrey
Sharie Renee Godfrey
Walker James Grossell
Mary Neil Hall
Colleen Nicole Hendrix
Laura Katharine Hughes

Anthony J. Infantino
Michelle Pearson Kirkman
Heather L. Knable
William R. Lathan III
Ray Alton Morrison
Jennifer M. Onesko
Shalinee Prasada
Bruce A. Quigley III
Benjamin Joseph Remke
Elizabeth Crabtree Smolski
Matthew Joseph Spano
Joseph Dale Szaloky
Justin Matthew Warguska
Daniel Alan Yarborough
Tina Singer Young

Reciprocal Certificate Applications - The following were approved:

Steven F. Astren
Eduardo Massalenus Barbee
Hadassah Baum
Kevin Dawson Burns
Jerry Wayne Hiles
Jennifer Alise Hogge
William Frank Kauder III
Diana Lynn Kennedy
Robert Charles Kirnard
Mark James Koziel
Alice McManus Mariano
Wayne Mark McLaren
John Eric Michos
Ruth S. Morrison
Heather Mowat

Mark Norwich
Carey Ann Perkins
Nicholas Cohran Reed
Christopher Michael Rickli
Gunjan Sanghi
Jennifer Lynn Smith
John P. Somerville
Daniel Christopher Stephenson
William Guy Thoms
Lisa Suzanne Vallad
Scott Richard Venus
Peter Michael Vinci
Remona Lynn Wade
Stephanie H. Wilcox

Temporary Permits - The following temporary permits were approved by the Executive Director and ratified by the Board:

Heather Mary Snyder T4322
Richard Gordon Redman T4323
Bryan Douglas Preston T4324
Javier Betancourt T4325
Christopher Brian Hosmer T4326
Stephen A. Clark T4327
Sean Michael Bird T4328
Kevin J. Collins T4329
Joseph H. Clarke T4330
Gretta V. Ponzo T4331
Andrew Sheaffer Wilcox T4332
Ryan Patrick Hourihan T4333
Jason Garrett Carlson T4334
Brenda J. Hampshire T4336

Jonathan Douglas O'Neill T4376
Rhonda Woodbery Smith T4377
Brittney Gayle Corvin-Robinson T4378
Michael Robert Robinson T4379
Susan Brewbaker Peters T4380
Robert Keller Duggan T4381
Katherine H. Collini T4382
Kenneth Paul Breaux T4383
Daniel A. Hinchliffe T4384
Leslie G. Frusco T4385
Ilyssa Michelle Grunwerg T4386
John Parry T4387
Anthony Salvador Ranatza T4388

Reinstatements - The following were approved:

Gaye Penley Dagenhart #23821
Jeffery W. Dees #22525
Isaac Gambill Forester #18072

Chuck Harrison Maness #22914
James E. Pugh Jr. #7172
Claudia Jones Putnam #15768

Reissuance of New Certificate – An application for reissuance of new certificate submitted by John Bennett Thornburg (#18463) was approved.

Reissuance of New Certificate - An application for reissuance of new certificate and consent agreement submitted by Robert Amarante (#22897) was approved.

Firm Registrations - The following professional corporations, professional limited liability companies, and limited liability partnerships were approved by the Executive Director and ratified by the Board:

Daniel O. Doyle, CPA, PLLC
Robert A. Joyner, Certified Public
Accountant, PLLC
Peedin & Sasser, CPAs, PLLC
Pohlman, CPA, PA

Sherbert Associates, PC
Singer Lewak Greenbaum & Goldstein LLP
Rodney E. Smallwood, CPA, P.C.
Hal Surratt, CPA, P.C.

Reclassifications - The Committee approved the following requests for retired status because the individuals are completely retired and do not receive any earned compensation for current personal services in any job whatsoever:

Lawrence Miller #29396
Raymond Ray Rich Jr. #4195

CPE Matters - Staff approved the following CPE Sponsors. The Committee ratified staff approval:

NC State University, Office of Professional Development - Raleigh
Smith Leonard PLLC - High Point

The Committee approved the following ethics course:

“Professional Ethics and Conduct CPE” (update) by Scharf Pera & Co., PLLC (Board-approved CPE Sponsor) – Approval

Examinations – The Committee reviewed and approved the following staff-approved applicants to sit for the Uniform CPA Examination:

Snjezana Adams
Suzanne Adams
Chinyelum Ahiabuike
Stephen Aldrich
Robert Alexander
Connie Allsbrook

Donna Alston
Robert Ambrose
Frank Ambrosio
Justin Anders
Cynthia Armentrout-Pearce
Jennifer Assal

Eileen Barbara
Elisabeth Baumann
Jacob Beck
Kevin Black
Adam Boatman
Cheryl Bohlen
Ian Bradley
Eric Bregman
Sandi Brinich
Jing Brooks
Jaime Brown
William Brown
Cory Bunger
Christina Burnett
Diane Burrier
Tiffany Bussard
Wendell Campbell
Richard Carothers
Billie Case
Scott Cassell
Natalie Centeno
Elizabeth Cepull
Simion Cerchez
Lorraine Chapman
Dionne Chavis
Daniel Cheek
Wenliang Chen
Audra Chilton
Daniel Chun
Terrie Church
Aimee Ciszek
Gregory Clark
Rashonda Clark
Diane Clavier
Brett Cohen
Julia Collins
Tyler Combs
Sierra Cooley
Kristen Cooper
Charlie Dail
Carolyn Davis
Cedric Davis
Janice Davis

Michelle Davis
Daniel DiNicola
Melissa Dodson
Rochelle Dotzel
Tony Douglas
William Dowis
Steven Dunham
Gwendolyn Elliott
Julia Eskander
Emily Evans
Heather Farrell
Eric Faust
Leslie Finch
Karanda Fletcher
Ashley Flouhouse
Trenton Forbis
Kathleen Gardner
Sherri Garner
Joseph Garrison
Carley Gavillan
Stephanie Gilmer
Troy Glasgow
Eric Glenn
Patsy Grant
Danez Green
Kameron Gress
John Grissom
Matthew Groome
Michelle Gunther
Cory Habicht
Jennifer Hall
Eric Harbert
Lauren Hardin
Andrew Harmon
Amanda Harrell
Jason Harris
Amy Harrison
Justin Hartman
Amy Hawkins
Kimberly Hawkins
Cathy Heilig
Christy Helton
Tana Henault

Thomas Henrikson
Otis Hodges
Steven Hodges
Justin Hoke
Aaron Holcomb
Christopher Holland
Katherine Hoskins
Karen Howard
Kathleen Howard
Alexander Jones
Timothy Joseph
Michael Kahill
Pavel Katsiak
Cindy Kelly
Maria Kemp
Jill Key
Jennifer Kilmartin
LaShaun King
John Kledis
Nicole Knowles
Kin Kulich
Darren Labeau
Melissa Lacey
Deborah Larue
Allison Lee
Eleanor Legrand
Kristen Lewis
Rebecca Lightfoot
Kristen Maier
Michael Massey
Kaoru Matsumiya
Ashley Matthews
Amy McGraw
Matthew McNeely
Debra McNeill
Shelby Michael
Cynthia Miller
Deidra Miller
Stephen Andrew Mills
Ashley Monitor
Thomas Monte
Monica Morgan
Luciana Mullen

Jean Murray
Michelle Myers
Walid Nassar
Karen Nehnevajsa
Emily New
Michael Nichols
Caryn Nivens
Audrea Norris
Lenora Osborne
Cassie Owens
Laura Palmer
Betty Parker
Cory Parsons
Teresa Patterson
Aaron Pearson
Ashley Perkinson
Ryan Perry
Andrew Peters
Joseph Philpott
Cristina Pop
Jane Pridgen
Thomas Quillen
David Raiford
Caroline Reece
Steven Regan
Rachel Richards
Andrea Rigby
Adam Roark
Latoshia Rouse
Brenda Sage
James Sandy
Rachel Savo
Samantha Scarlett
Katherine Scheffel
Sarah Schroeder
Evgeniya Sergeevna
Clifton Shepler
Olanrewaju Shofoluwe
Christy Sigmon
Harriett Siler
Amber Smith
Brian Smith
Brittany Smith

Jordan Smith
Thomas Smith
David Stark
Adam Steele
Rita Stell
Michael Stone
Angela Styons
Lee Thaxton
Monica Thomas
Eva Tien
Laura Tosti
Teri Tracy
Megan Turlington
Elizabeth Varner
Gayathri Vijayagopalan

Christopher Vogel
John Vollmer
Justin Waller
Brian Whisnant
Chenae White
Benjamin Whited
Patrick Wicker
Donze Wilkins
Elizabeth Williams
Kevin Wilson
Stephen Wilson
Jenna Windschitl
Andrew Wright
Suzanne Young
Lei Zhi

The Committee determined and accepted the grades received for the April - May 2007 exams.

Staff reviewed and requested committee guidance regarding a request submitted by Sherri Phipps Garner. Ms. Garner is requesting an extension of her expired exam grades. The Committee disapproved her request.

Staff reviewed and recommended disapproval of a request submitted by Angela E. Barnes. Ms. Barnes is requesting an extension of her Notice to Schedule. The Committee approved her request.

Request for CPE Course Approval - Staff reviewed and recommended disapproval of credit for a real estate pre-licensing course, "Good Mental Health Practices for Lawyers", and a State Bar discipline course that do not appear to fit into one of the seven approved fields of study. The Committee deferred a decision pending receipt of additional information.

CLOSED SESSION: Messrs. Clark and Jordan moved to enter Closed Session with Executive Staff and Legal Counsel to discuss a legal matter. Motion passed.

PUBLIC SESSION: Messrs. Winstead and Jordan moved to re-enter Public Session to continue with the agenda. Motion passed.

RESOLUTION: President Winstead read a resolution thanking Thurman L. Gause for his service to the Board. President Winstead instructed the Executive Director to make the resolution a part of the minutes (Appendix VII).

President Winstead read a resolution thanking Leonard W. Jones, CPA, for his service to the Board. President Winstead instructed the Executive Director to make the resolution a part of the minutes (Appendix VIII).

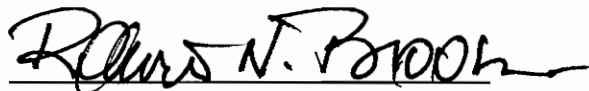
OATH OF OFFICE: Jeffrey T. Barber, CPA, was sworn the Oath of Office by President Winstead.

Maria M. Lynch, Esq., was sworn the Oath of Office by President Winstead.

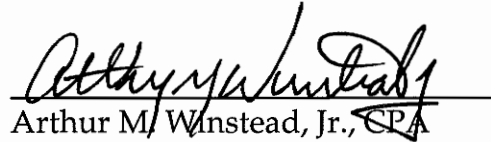
ADJOURNMENT: Messrs. Winstead and Harris moved to adjourn the meeting at 12:30 p.m. Motion passed.

Respectfully submitted:

Attested to by:



Robert N. Brooks
Executive Director



Arthur M. Winstead, Jr., CPA
President

**NORTH CAROLINA STATE BOARD
OF CERTIFIED PUBLIC ACCOUNTANT EXAMINERS**

FINANCIAL STATEMENTS

**FOR THE FISCAL YEARS ENDED
MARCH 31, 2007 AND 2006**

NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEARS ENDED MARCH 31, 2007 AND 2006

BOARD MEMBERS

Arthur M. Winstead, Jr., CPA, President

Michael C. Jordan, CPA, Vice-President

Jordan C. Harris, Jr., Secretary-Treasurer

Norwood G. Clark, Jr., CPA

Tyrone Y. Cox, CPA

Thurman L. Gause

Leonard W. Jones, CPA

EXECUTIVE DIRECTOR

Robert N. Brooks

DEPUTY DIRECTOR

J. Michael Barham, CPA

LEGAL COUNSEL

Noel L. Allen, Esq.

NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS

FOR THE FISCAL YEARS ENDED MARCH 31, 2007 AND 2006

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**NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED MARCH 31, 2007**

The following is a discussion and analysis of the Board's financial performance for the fiscal year ended March 31, 2007. Please read it in conjunction with the financial statements which follow this section.

Financial Highlights

The operating revenues of the Board increased \$140,068, or 7.67%, due primarily to an increase in the examination fee revenue due to an increase in the hourly testing fees and the number of candidates sitting for the Uniform CPA Examination.

The net non-operating revenues of the Board increased \$65,320, or 186.92%, due primarily to a decrease in the cost of building improvements and an increase in rental income resulting from the fact that the Board entered into a lease agreement effective April 1, 2006. The lease space was vacant during the fiscal year ended March 31, 2006.

The operating expenses of the Board increased by \$363,714, or 19.78%, due primarily to an increase in examination fees, employee salaries and benefits, and legal fees. Examination fee expense increased due to more candidates sitting for the Uniform CPA Examination and increases in exam sitting and grading fees effective August 1, 2006. Legal fees increased due to the fact that more CPAs are hiring attorneys to handle their cases.

Overview of the Financial Statements

This discussion and analysis is an introduction to the Board's basic financial statements, which are comprised of two components: 1) financial statements, and 2) notes to financial statements. This report also contains required supplementary information in addition to the basic financial statements.

Basic Financial Statements

The financial statements of the Board report information about the Board using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about the activities of the Board.

The Statements of Net Assets (page 5) present the current and non-current portions of assets and liabilities separately.

The Statements of Revenues, Expenses, and Changes in Net Assets (page 6) present information on how the Board's assets changed as a result of the year's operations.

The Statements of Cash Flows (page 7) present information on how the Board's cash changed as a result of the year's activity.

NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED MARCH 31, 2007

Basic Financial Statements – Continued

The following presents condensed financial information on the operations of the Board:

	As of and for the fiscal year ended March 31, 2007	As of and for the fiscal year ended March 31, 2006
Current assets	\$ 1,750,164	\$ 1,816,596
Capital assets - net of depreciation	1,068,103	1,069,944
Total assets	<u>2,818,267</u>	<u>2,886,540</u>
Current liabilities	434,861	378,465
Non-current liabilities	49,221	37,552
Total liabilities	<u>484,082</u>	<u>416,017</u>
Invested in capital assets	1,068,103	1,069,944
Unrestricted	1,266,082	1,400,579
Total net assets	<u>\$ 2,334,185</u>	<u>\$ 2,470,523</u>
Operating revenues	\$ 1,965,616	\$ 1,825,548
Operating expenses	2,202,220	1,838,506
Operating loss	(236,604)	(12,958)
Non-operating revenues	100,266	34,946
Change in net assets	<u>\$ (136,338)</u>	<u>\$ 21,988</u>

Events Affecting Future Operations

Increase in Certificate Fees – The budget adopted by the Board for the 2007-2008 fiscal year includes an increase in certificate fees effective July 1, 2007. The fees for an original certificate, a reciprocal certificate, and reinstatement of an inactive or forfeited certificate will increase from \$75 to \$100. These fee increases are expected to generate approximately \$80,000 in additional operating revenues next year.

Increase in Examination Vendor Fees - Effective August 1, 2007, the American Institute of Certified Public Accountants will increase the per-section examination fee from \$65 to \$80; Prometric will increase the per-test hour fee from \$23.11 to \$23.85, and the National Association of State Boards of Accountancy will increase the per-section examination fees from \$15 to \$18. The Board will increase the examination vendor fees charged to examination candidates by the same amounts, resulting in an increase in examination fee revenues and expenses. The Board's administrative fee for initial examination applicants and re-examination applicants will not increase.

**NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED MARCH 31, 2007**

Contacting the Board's Management

This financial report is designed to provide a general overview of the Board's finances and to demonstrate the Board's accountability for the money it receives and expends. If you have any questions about this report or need additional information, contact: North Carolina State Board of Certified Public Accountant Examiners, PO Box 12827, Raleigh, NC 27605-2827.

**BOYCE, FURR & COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS
RALEIGH, NORTH CAROLINA**

INDEPENDENT AUDITORS' REPORT

Governor Michael Easley
The General Assembly of North Carolina
North Carolina State Board of Certified Public Accountant Examiners

We have audited the statements of net assets of the North Carolina State Board of Certified Public Accountant Examiners as of March 31, 2007 and 2006, and the related statements of revenues, expenses, and changes in net assets, and cash flows for the fiscal years then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the North Carolina State Board of Certified Public Accountant Examiners as of March 31, 2007 and 2006, and the changes in financial position and cash flows for the fiscal years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary schedules listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

July 2, 2007

Boyce, Furr & Company, LLP

NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
STATEMENTS OF NET ASSETS
AS OF MARCH 31

ASSETS	2007	2006
Current assets		
Cash and cash equivalents	\$ 383,885	\$ 486,500
Certificates of deposit	1,338,339	1,309,448
Accrued interest receivable	20,900	20,573
Accounts receivable	7,040	75
Total current assets	<u>1,750,164</u>	<u>1,816,596</u>
Capital Assets		
Land	300,000	300,000
Building	608,857	633,293
Furniture	2,051	451
Equipment	54,391	65,719
Software	86,440	63,402
Vehicle	16,364	7,079
Total capital assets-net of depreciation	<u>1,068,103</u>	<u>1,069,944</u>
TOTAL ASSETS	<u>2,818,267</u>	<u>2,886,540</u>
LIABILITIES		
Current liabilities		
Accounts payable	41,808	31,140
Due to examination vendors	332,953	223,325
Unearned revenue	60,100	124,000
Total current liabilities	<u>434,861</u>	<u>378,465</u>
Noncurrent liabilities		
Accrued vacation	49,221	37,552
Total noncurrent liabilities	<u>49,221</u>	<u>37,552</u>
TOTAL LIABILITIES	<u>484,082</u>	<u>416,017</u>
NET ASSETS		
Invested in capital assets	1,068,103	1,069,944
Unrestricted net assets	<u>1,266,082</u>	<u>1,400,579</u>
TOTAL NET ASSETS	<u>\$ 2,334,185</u>	<u>\$ 2,470,523</u>

NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE FISCAL YEARS ENDED MARCH 31

	<u>2007</u>	<u>2006</u>
OPERATING REVENUES		
Examination fees		
Examination candidates	\$ 973,044	\$ 820,264
Other	1,950	2,250
	<u>974,994</u>	<u>822,514</u>
Licensing fees		
Certificate fees	916,025	921,000
Professional corporation fees	35,585	34,570
Partnership registration fees	33,220	33,750
	<u>984,830</u>	<u>989,320</u>
Sale of labels and lists	4,289	11,569
Miscellaneous	1,503	2,145
	<u>5,792</u>	<u>13,714</u>
TOTAL OPERATING REVENUES	<u>1,965,616</u>	<u>1,825,548</u>
OPERATING EXPENSES		
Administrative (page 15)	1,505,132	1,314,895
Examination (page 16)	654,712	486,263
Building (page 17)	42,376	37,348
TOTAL OPERATING EXPENSES	<u>2,202,220</u>	<u>1,838,506</u>
OPERATING LOSS	<u>(236,604)</u>	<u>(12,958)</u>
NON-OPERATING REVENUES (EXPENSES)		
Rental income	36,544	-
Interest income	77,778	75,025
Gain on sale/disposition of equipment	255	45
Building expenses (page 17)	(14,311)	(40,124)
TOTAL NON-OPERATING REVENUES	<u>100,266</u>	<u>34,946</u>
CHANGE IN NET ASSETS	(136,338)	21,988
NET ASSETS - BEGINNING OF YEAR	<u>2,470,523</u>	<u>2,448,535</u>
NET ASSETS - ENDING OF YEAR	<u>\$ 2,334,185</u>	<u>\$ 2,470,523</u>

NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED MARCH 31

	<u>2007</u>	<u>2006</u>
Cash flows provided from (used for) operating activities		
Cash received from fees	\$ 1,895,024	\$ 1,733,509
Other cash received	5,792	13,714
Cash payments to employees for services	(652,649)	(607,767)
Cash payments for administrative, examination, and building expenses	(1,359,801)	(1,177,920)
Net cash used for operating activities	<u>(111,634)</u>	<u>(38,464)</u>
Cash flows provided from (used for) capital and related financing activities		
Acquisition of capital assets	(62,024)	(60,846)
Proceeds from the sale of assets	255	45
Net cash used for capital and related financing activities	<u>(61,769)</u>	<u>(60,801)</u>
Cash flows provided from (used for) investing activities		
Proceeds from maturing certificate of deposit	600,011	562,980
Purchases of certificates of deposit	(628,875)	(721,780)
Interest on investments	77,451	102,451
Rental income	30,453	-
Rental building expense	(8,252)	(33,757)
Net cash provided from (used for) investing activities	<u>70,788</u>	<u>(90,106)</u>
Net decrease in cash	(102,615)	(189,371)
Cash - beginning of year	<u>486,500</u>	<u>675,871</u>
Cash - end of year	<u>\$ 383,885</u>	<u>\$ 486,500</u>
Reconciliation of operating loss		
to net cash provided from (used for) operating activities		
Operating loss	<u>\$ (236,604)</u>	<u>\$ (12,958)</u>
Adjustments to reconcile operating loss		
to net cash provided from (used for) operating activities:		
Depreciation	57,805	43,764
Changes in assets and liabilities		
Accounts receivable	(900)	(75)
Accounts payable	10,668	(7,791)
Due to examination vendors	109,628	15,208
Unearned revenue	(63,900)	(78,325)
Accrued vacation	11,669	1,713
Total adjustments	<u>124,970</u>	<u>(25,506)</u>
Net cash (used for) provided from operating activities	<u>\$ (111,634)</u>	<u>\$ (38,464)</u>

The accompanying notes are an integral part of these financial statements.

NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED MARCH 31, 2007 AND 2006

Note 1 - Nature of Activities and Significant Accounting Policies

Description of Organization and Reporting Entity

The North Carolina State Board of Certified Public Accountant Examiners is an independent State agency. It is an occupational licensing board authorized by Chapters 93 and 93B of the North Carolina General Statutes (NCGS). The Board is composed of seven members: five persons who are holders of valid and unrevoked certified public accountant certificates issued under the provisions of NCGS 93, and two persons who are not certified public accountants and represent the public at large. All members are appointed by the Governor.

The Board's primary responsibilities are to administer the Uniform CPA Examination, to grant certificates of qualification as certified public accountants to qualified persons, to register certified public accounting firms, and to enforce all statutes and rules of NCGS Chapter 93, and the North Carolina Administrative Code, Title 21, Chapter 08.

The Board's operations are financed with self-generated revenues from fees charged to examinees and licensees. As of March 31, 2007 and 2006, the Board had approximately 17,191 and 16,906 licensees, respectively.

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of North Carolina because the State exercises oversight responsibility in that the Governor appoints the Board members, and public service is rendered within the State's boundaries. The accompanying financial statements present only the activity of the North Carolina State Board of Certified Public Accountant Examiners. Annually, the State of North Carolina issues basic financial statements, which include the activity of occupational licensing boards.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting principles and reporting standards. The Board applied all applicable Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989.

All activities of the Board are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

**NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED MARCH 31, 2007 AND 2006**

Note 1 - Nature of Activities and Significant Accounting Policies, Continued

Basis of Accounting

In accordance with current GASB statements, the Board presents Statements of Net Assets; Statements of Revenues, Expenses, and Changes in Net Assets; and Statements of Cash Flows. These statements reflect entity-wide operations of the Board. The Board has no fiduciary funds or component units.

The Statements of Revenues, Expenses, and Changes in Net Assets demonstrate the degree to which the direct expenses of the Board are offset by examination and license fees.

The financial statements report all activities of the North Carolina State Board of Certified Public Accountant Examiners using the current financial resource measurement focus and the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and become measurable. Expenses are recognized when incurred, if measurable.

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Board. Operating revenues consist primarily of examination and license fees. Non-operating revenues and expenses consist of those revenues and expenses that are related to rental and investing types of activities and are classified as non-operating in the financial statements. Building expenses are allocated to operating and non-operating activities based on square footage.

Budget Practices

A budget for fiscal year ended March 31, 2007, was adopted by the Board and is prepared and reported on the accrual basis of accounting. Although budgeted amounts lapse at year-end, the Board retains its unexpended net assets to fund expenses of the succeeding year.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Board considers all investments with a maturity of three months or less when purchased to be cash.

NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED MARCH 31, 2007 AND 2006

Note 1 - Nature of Activities and Significant Accounting Policies, Continued

Certificates of Deposit

As of the March 31, 2007, the Board owned the following certificates of deposit at local financial institutions:

<u>Maturity Date</u>	<u>Rate</u>	<u>Fair Value</u>
04/24/07	5.350%	\$ 312,280
06/22/07	4.125%	322,362
07/25/07	5.300%	97,812
08/31/07	5.250%	97,001
10/16/07	5.250%	98,284
10/30/07	5.150%	97,791
06/21/08	4.250%	<u>312,809</u>
Total certificates of deposit		<u>\$ 1,338,339</u>

NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED MARCH 31, 2007 AND 2006

Note 1 - Nature of Activities and Significant Accounting Policies, Continued

Property and Equipment

Property and equipment are stated at cost and are being depreciated over their useful lives on a straight-line basis. The Board's policy is to capitalize property and equipment when acquired at a cost of \$500 or more. A summary follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Land	\$ 300,000	\$ -	\$ -	\$ 300,000
Building	781,318	809	-	782,127
Furniture	115,791	1,680	-	117,471
Equipment	156,986	6,186	(3,713)	159,459
Software	70,788	39,845	-	110,633
Vehicle	32,672	20,038	(32,672)	20,038
Totals at historical cost	<u>1,457,555</u>	<u>68,558</u>	<u>(36,385)</u>	<u>1,489,728</u>
Less accumulated depreciation for:				
Building	(148,025)	(25,245)	-	(173,270)
Furniture	(115,340)	(80)	-	(115,420)
Equipment	(91,267)	(17,514)	3,713	(105,068)
Software	(7,386)	(16,807)	-	(24,193)
Vehicle	(25,593)	(4,218)	26,137	(3,674)
Total accumulated depreciation	<u>(387,611)</u>	<u>(63,864)</u>	<u>29,850</u>	<u>(421,625)</u>
Capital assets, net	<u>\$ 1,069,944</u>	<u>\$ 4,694</u>	<u>\$ (6,535)</u>	<u>\$ 1,068,103</u>

When an asset is disposed of, the cost of the asset and the related accumulated depreciation are removed from the financial records. Any gain or loss on disposition is reflected in the earnings for the period.

Vacation and Sick Leave

Board employees may accumulate up to thirty days earned vacation and such leave is fully vested when earned. The executive director may accumulate up to forty-five days earned vacation. On March 31, accrued vacation in excess of the limits is transferred and added to sick leave balances.

The Board's sick leave policy provides for an unlimited accumulation of earned sick leave. Since the Board has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been recognized.

NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED MARCH 31, 2007 AND 2006

Note 1 - Nature of Activities and Significant Accounting Policies, Continued

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates, resulting in adjustments in future periods.

Note 2 - Deposits and Investments

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates and to protect principal, the board's investment policy limits its investments to maturities that coincide with required cash flows and to accounts and financial instruments of the highest quality as follows:

- (1) Obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States.
- (2) Obligations of the State of North Carolina.
- (3) Time deposits of financial institutions with a physical presence in North Carolina.

Custodial Credit Risk. The Board maintains accounts consisting of cash, certificates of deposit, and money market funds with three banks in which the Federal Depository Insurance Corporation (FDIC) insurance of \$100,000 per depositor was exceeded by a combined total of \$1,129,147 on March 31, 2007. Management believes there is minimum credit risk relative to its cash investments. Throughout the fiscal year the Board's deposits exceeded the amounts insured by the Federal Insurance Depository Insurance Corporation.

Note 3 – Unearned Revenue

For both 2007 and 2006, certificate renewal fees collected in advance are recorded as unearned revenue at year-end and recognized as revenue when the license period begins in the next fiscal year.

Note 4 - Net Assets

Invested in capital assets - This component of net assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets.

NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED MARCH 31, 2007 AND 2006

Note 4 - Net Assets, Continued

Unrestricted net assets - This component of net assets consists of net assets that do not meet the definition of *restricted* or *invested in capital assets*.

The Board has designated a portion of the unrestricted net assets to cover future activities. The Board may change such designated amounts based on perceived operating conditions and situations. Designated amounts at March 31, 2007, were as follows:

Litigation	\$ 600,000
Operating expenses	300,000
Capital asset acquisitions and/or improvements	<u>300,000</u>
Total	<u><u>\$ 1,200,000</u></u>

Note 5 - Operating Leases

The Board relocated staff to a portion of the previously leased space and signed a three-year lease agreement with the North Carolina Cleanwater Management Trust Fund effective April 1, 2006, for the remaining space. Future minimum lease income for the next three years will be as follows:

<u>Fiscal Year Ended</u>	<u>Minimum Lease Income</u>
03/31/08	\$ 36,544
03/31/09	36,544
03/31/10	<u>38,412</u>
Total	<u><u>\$ 111,500</u></u>

Note 6 - Pension Plan

The Board participates in the North Carolina Licensing Board Retirement Savings Plan, a defined contribution plan. A 6% contribution, based on eligible employee compensation, is made monthly by both employer and employee. Employees are eligible to participate in the plan immediately upon employment. Employees are vested 20% for each year of service and may make voluntary contributions to the plan over their 6% contribution. The 401(k) plan is administered by Wachovia Securities. Pension costs, including administrative fees, totaled \$38,936, and \$35,964 for 2007 and 2006, respectively. Employee contributions totaled \$49,255 and \$44,753 for 2007 and 2006, respectively.

NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED MARCH 31, 2007 AND 2006

Note 7 - Risk Management

The Board is exposed to various risks of loss related to torts; theft of, damage to, and the destruction of assets; errors and omissions; injuries to employees; and natural disasters. Tort claims of board members up to \$500,000 are self-insured by the State under the authority of the State Tort Claims Act. Additional coverage is provided to the Board under the State's \$5,000,000 public officers' and employees' liability insurance contract with a private insurance company. The Board also protects itself from exposures to loss through the purchase of commercial insurance, of which coverage includes board members, building and contents, commercial liability, workers compensation and employers' liability, and vehicle.

Note 8 – Contract Commitment

The Board entered into a software and support contract in February 2005 requiring payments totaling \$81,750. Payments on the contract during the fiscal year ended March 31, 2007 and 2006 totaled \$6,520 and \$23,480 respectively.

Note 9 – Scholarship Award Programs

Effective April 1, 2006, the Board approved a Uniform CPA Examination "coupon" program and graduate-level scholarship award program. The cost of the "coupon" program totaled \$18,584 and is netted against examination revenues. The graduate-level scholarships totaled \$8,000 and are reported in administrative expenses.

**NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
SUPPLEMENTARY SCHEDULES**

NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
SUPPLEMENTARY SCHEDULES OF ADMINISTRATIVE EXPENSES
FOR THE FISCAL YEARS ENDED MARCH 31

ADMINISTRATIVE EXPENSES	<u>2007</u>	<u>2006</u>
Salaries and employee benefits	\$ 867,671	\$ 782,694
Legal counsel and hearing expense	216,692	166,308
Travel and per diem - Board members	85,991	72,158
Postage	84,502	79,602
Depreciation	38,619	23,602
Printing	37,857	37,973
Credit card fees for license renewals	33,612	20,679
Staff travel	28,512	28,465
Internet website	26,136	8,433
Computer programming and assistance	19,617	21,747
Office supplies	12,623	11,795
Insurance	9,190	2,062
Scholarships	8,000	-
Telephone	7,414	7,828
Dues	7,245	6,975
Audit fees	5,630	5,660
Clipping service	3,239	2,987
Continuing education	3,235	2,079
Subscriptions	2,364	5,259
Repairs and maintenance on equipment	2,133	5,815
Miscellaneous	1,656	2,449
Payroll service	1,430	1,505
Clerical expense - Board members	1,000	1,104
Computer software	420	10,032
Equipment rental	270	270
Banking fees	74	2,730
Consulting services	-	4,660
Temporary contractors	-	24
	<hr/>	<hr/>
TOTAL ADMINISTRATIVE EXPENSES	<u>\$ 1,505,132</u>	<u>\$ 1,314,895</u>

NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
SUPPLEMENTARY SCHEDULES OF EXAMINATION EXPENSES
FOR THE FISCAL YEARS ENDED MARCH 31

	<u>2007</u>	<u>2006</u>
EXAMINATION EXPENSES		
Examinations and grading	\$ 653,536	\$ 483,638
Postage	1,000	2,000
Printing	-	590
Miscellaneous	<u>176</u>	<u>35</u>
TOTAL EXAMINATION EXPENSES	<u>\$ 654,712</u>	<u>\$ 486,263</u>

NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
 SUPPLEMENTARY SCHEDULES OF BUILDING EXPENSES
 FOR THE FISCAL YEARS ENDED MARCH 31

	<u>2007</u>	<u>2006</u>
OPERATING BUILDING EXPENSES		
Depreciation	\$ 19,186	\$ 20,162
Improvements	869	-
Utilities	9,536	7,825
Maintenance	11,020	7,877
Insurance	<u>1,765</u>	<u>1,484</u>
TOTAL OPERATING BUILDING EXPENSES	<u>\$ 42,376</u>	<u>\$ 37,348</u>
NON-OPERATING BUILDING EXPENSES		
Depreciation	\$ 6,059	\$ 6,367
Improvements	1,202	28,329
Utilities	3,012	2,471
Maintenance	3,480	2,488
Insurance	<u>558</u>	<u>469</u>
TOTAL NON-OPERATING BUILDING EXPENSES	<u>\$ 14,311</u>	<u>\$ 40,124</u>

NORTH CAROLINA STATE BOARD OF CEF IED PUBLIC ACCOUNTANT EXAMINERS
SCHEDULES OF BUDGET AND ACTUAL
REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

	For the Fiscal Year Ended March 31, 2007			For the Fiscal Year Ended March 31, 2006		
	Budget	Actual	Over (Under) Budget	Budget	Actual	Over (Under) Budget
REVENUES						
Examination fees	\$ 812,050	\$ 974,994	\$ 162,944	\$ 743,739	\$ 822,514	\$ 78,775
Licensing fees	1,036,250	984,830	(51,420)	1,007,250	989,320	(17,930)
Other	117,689	120,369	2,680	72,000	88,784	16,784
TOTAL REVENUES	<u>1,965,989</u>	<u>2,080,193</u>	<u>114,204</u>	<u>1,822,989</u>	<u>1,900,618</u>	<u>77,629</u>
EXPENSES						
Personnel	902,086	899,418	(2,668)	853,316	813,238	(40,078)
Examination	503,223	654,712	151,489	473,269	486,263	12,994
Office	263,604	263,412	(192)	243,180	238,485	(4,695)
Board and legal	265,385	303,683	38,298	242,423	239,570	(2,853)
Building	41,618	31,442	(10,176)	33,279	50,943	17,664
Depreciation	-	63,864	63,864	-	50,131	50,131
TOTAL EXPENSES	<u>1,975,916</u>	<u>2,216,531</u>	<u>240,615</u>	<u>1,845,467</u>	<u>1,878,630</u>	<u>33,163</u>
CHANGE IN NET ASSETS	(9,927)	(136,338)	(126,411)	(22,478)	21,988	44,466
NET ASSETS - BEGINNING OF YEAR	<u>2,470,523</u>	<u>2,470,523</u>	<u>-</u>	<u>2,448,535</u>	<u>2,448,535</u>	<u>-</u>
NET ASSETS - END OF YEAR	<u>\$ 2,460,596</u>	<u>\$ 2,334,185</u>	<u>\$ (126,411)</u>	<u>\$ 2,426,057</u>	<u>\$ 2,470,523</u>	<u>\$ 44,466</u>

RESOLUTION

The NC Board of CPA Examiners endorses the concept of “no notice, no fee, no escape”, commonly referred to as mobility, generally based upon the recent revisions to the AICPA/NASBA Uniform Accountancy Act , provided public protection is enhanced.

NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #: 200601-005 and 200601-006

IN THE MATTER OF:
Maurice S. Hamilton, #22354
Respondent

CONSENT ORDER

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to NCGS 150B-41, the Board and Respondent stipulate the following Findings:

1. Respondent was the holder of North Carolina certificate number 22354 as a Certified Public Accountant.
2. In resolution of complaints filed with the Board, Respondent agreed to and the Board approved in August of 2002, a Consent Order in which Respondent agreed to voluntarily surrender his North Carolina CPA license and agreed not to request reinstatement for at least one (1) year. In addition, Respondent agreed to send a Board-approved letter by certified/return receipt mail to all clients of Respondent's closed North Carolina CPA firm for whom Respondent still had client records.
3. Respondent failed to timely comply with the August 2002 Order. Thus, following a November 2003 public hearing, the Board Ordered that Respondent's CPA license would be permanently revoked effective February 1, 2004, unless it received proof no later than January 15, 2004:
 - (a) that Respondent had sent a certified letter to each of his clients who were active in or after 1995; and
 - (b) that, within thirty (30) days of receiving a request, Respondent would provide to the Board a list of all clients who had requested the return of their records and provide a receipt, signed by the client, documenting all client records that were returned.
4. On December 29, 2003, Respondent filed in North Carolina Superior Court a Petition for Judicial Review of the Board's Order. In lieu of further proceeding, in June of 2004, a Consent Judgment was entered in North Carolina Superior Court decreeing that Mr. Respondent's certificate to practice as a CPA in North Carolina had been "voluntarily surrendered and forfeited," and that he was "no longer authorized to hold himself out as a North Carolina CPA."

Consent Order - 2

Maurice S. Hamilton

5. In communications on June 4, 2004, leading to the entry of the Consent Judgment, Respondent was specifically informed in writing that:
Because you are licensed as a CPA in Maryland, you cannot come to North Carolina and offer services as an accountant to North Carolina clients. Until you apply for and are granted reinstatement of your North Carolina license, you cannot offer or provide accounting services in this state. The only way in which you could qualify to offer accounting services as an accountant and not as a CPA in North Carolina would be to surrender your CPA certificate in every state in which you are licensed.
6. In light of that explanation of the implications of the Consent Judgment, Respondent signed the Consent Judgment on the next day (June 5, 2004) and it was thereafter signed by the Court and entered on June 22, 2004.
7. In January of 2006, Johnny E. Smith, Jr. (Mr. Smith), filed a complaint with the Board alleging that Respondent had a lack of ethics and professionalism in that Respondent, in his capacity as an employee of Cary Women's Center, P.C. (CWC), had failed to pay invoices submitted by Mr. Smith. Mr. Smith also alleged that Respondent held himself out as a CPA and used the CPA title when offering and rendering services to and through CWC. CWC is a professional corporation registered with the North Carolina Secretary of State's office to practice medicine in North Carolina. The services in question were offered and rendered to a North Carolina client through electronic and other means. In so doing Respondent purposefully availed himself of the benefits of the laws of this state.
8. In response to Mr. Smith's complaint, Respondent claimed, in two letters, that he was not employed by CWC in his capacity as a North Carolina CPA and that any reference to the CPA title was in reference to his CPA certificate in Maryland.
9. In January of 2006, Gwennita R. Smith (Ms. Smith) filed a complaint with the Board alleging that Respondent had a lack of ethics and professionalism in that Respondent, in his capacity as an employee of CWC, had failed to pay CWC employee wages to Ms. Smith. Ms. Smith also alleged that Respondent held out as and used the CPA title with and on behalf of CWC.
10. In response to Ms. Smith's complaint, Respondent claimed, in two letters, that he was not employed by CWC in his capacity as a North Carolina CPA and that any reference to the CPA title was in reference to his CPA certificate in Maryland.

Consent Order - 3
Maurice S. Hamilton

11. Additionally, in a September 22, 2005, letter from Respondent to Gwen Smith, Respondent represented himself as a member of the AICPA (American Institute of Certified Public Accountants) and NCACPA (North Carolina Association of Certified Public Accountants). Said representations had the capacity or tendency to the public, and did, in fact, deceive by furthering the erroneous impression that not only that he was a member of those professional organizations, but also that he was licensed in North Carolina. In fact, Respondent has not been a member of either organization for several years prior to and subsequent to the date of that letter.
12. While many of the issues raised in both complaints did not directly pertain to Respondent's conduct as a CPA, both complaints provided documentation and notarized statements that Respondent used the CPA title in his capacity with and on behalf of CWC.
13. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Consent Order with the Board *ex parte*, whether or not the Board accepts this Consent Order as written. Respondent understands and agrees that this Consent Order is subject to review and approval by the Board and is not effective until approved by the Board at a duly constituted Board Meeting.

BASED upon the foregoing, the Board makes the following Conclusions of Law:

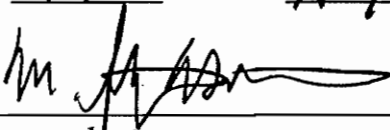
1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.
2. Respondent's continued unauthorized uses of the CPA title directed to clients in North Carolina and on behalf of a North Carolina medical practice present violations of NCGS 93-3 and 93-6, as well as NCGS 93-12(9)(d) and 21 NCAC 8N .0202(a).
3. Respondent's violations of the terms of the Consent Judgment entered in North Carolina Superior Court represent violations of 21 NCAC 8N .0203(b)(3).
4. Respondent's representation regarding the status of his membership in the AICPA and NCACPA represents a violation of 21 NCAC 8N .0202(a).

BASED on the foregoing and in lieu of further proceedings under 21 NCAC Chapter 8C, the Board and Respondent agree to the following Order:

Consent Order - 4
Maurice S. Hamilton

1. Respondent may seek reinstatement of his North Carolina CPA certificate by requesting modification of discipline pursuant to 21 NCAC 08I .0104 after a period of two (2) years from the date this Order is approved by the Board. Respondent shall not avail himself of the benefit of any other North Carolina law that might otherwise authorize an out-of-state licensee to use the title CPA in this state except as expressly authorized by this Order.
2. Respondent, any employee, agent or other person acting on his behalf shall not hold Respondent out as a certified public account, CPA, or that Respondent holds a certificate as a certified public accountant in another jurisdiction, except as permitted under Rule 21 NCAC .08H .0105. Respondent acknowledges and agrees that subsection (b) of said rule only pertains to employees of a multistate CPA firm with an office in this State. This shall include all oral, written, electronic means of communications including stationery, business cards, brochures, resumes, office signs, telephone directories, advertisements, news articles, publications, tax returns, financial reports, software, experience and moral character affidavits, membership associations, and website and internet listings directed to clients in North Carolina.
3. Respondent agrees to the permanent revocation of his inactive North Carolina CPA certificate for any finding of a violation of number two (2) above made pursuant to Chapter 150B of the North Carolina General Statutes.
4. Respondent agrees to pay the administrative costs of this matter within six (6) months of the date this Order is approved by the Board.

CONSENTED TO THIS THE 14TH DAY OF August, 2007


Respondent

APPROVED BY THE BOARD THIS THE 20th DAY OF August 2007
2007.

NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS

Consent Order - 5
Maurice S. Hamilton



BY: Atthys Wintead
President

NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #: C2007563

IN THE MATTER OF:
Candace Bunn Davies, #16863
Respondent

CONSENT ORDER

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to NCGS 150B-41, the Board and Respondent stipulate the following Findings:

1. Respondent is the holder of North Carolina certificate number 16863 as a Certified Public Accountant.
2. Respondent informed the Board on her 2006-2007 individual certificate renewal (renewal) that she had obtained forty (40) hours of continuing professional education (CPE) to meet the 2005 CPE requirement. Further, Respondent informed the Board on the renewal that she earned some of said CPE between January 1, 2006, and June 30, 2006.
3. Based on Respondent's representation that prior to June 30, 2006, she had completed a total of forty (40) hours of CPE which included zero (0) hours of carryforward from 2004, the Board accepted her renewal and placed her certificate on conditional status until December 18, 2007.
4. Board staff requested, by letter, that prior to February 1, 2007, Respondent provide course listings for the CPE reported to meet her 2005 CPE requirement.
5. Respondent, on her "2005 Report of CPE for CPAs on Conditional Status" provided CPE course listings to the Board indicating twenty six (26) hours of CPE taken in 2005 and Respondent listed on her "2006 Report of CPE for CPAs on Conditional Status" nine (9) hours of CPE taken between January 1, 2006, and June 30, 2006. Thus, despite Respondent's prior representation that she had forty (40) hours of CPE at the time of her renewal, in fact she had only thirty-five (35) hours and was not qualified for renewal.



Consent Order - 2
Candace Bunn Davies

6. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Consent Order with the Board *ex parte*, whether or not the Board accepts this Consent Order as written. Respondent understands and agrees that this Consent Order is subject to review and approval by the Board and is not effective until approved by the Board at a duly constituted Board Meeting.

BASED upon the foregoing, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.
2. Respondent's actions as set out above constitute violations of NCGS 93-12(8b)a, 93-12(9)c and 93-12(9)e and 21 NCAC 08J .0101(b), 08N .0202(a), .0202(b)3, .0202(b)4, and .0203(b)(1).

BASED on the foregoing and in lieu of further proceedings under 21 NCAC Chapter 8C, the Board and Respondent agree to the following Order:

1. Respondent's application for renewal is insufficient and untimely under NCGS 150-B-3(a). Hence, her certificate is automatically forfeited pursuant to NCGS 93-12(8b).
2. Respondent must return her certificate to the Board with this signed Consent Order.
3. Respondent may not apply for the reinstatement of her certificate for at least ninety (90) days from the date the Board receives Respondent's forfeited certificate and until the civil penalty required in number five (5) of this Order has been paid by Respondent.
4. Respondent may apply to return her certificate to active status by submission and approval of a reinstatement application which includes:
 - a. Application form,
 - b. Payment of the application fee,
 - c. 3 moral character affidavits, and
 - d. 45 hours of CPE in 12 months preceding the application including an eight (8) hour accountancy law course as offered by the North Carolina Association of CPAs in a group study format.



Consent Order - 3
Candace Bunn Davies

5. Respondent shall pay a one thousand dollar (\$1,000.00) civil penalty to be remitted within six months of the date this signed Order is accepted by the Board.
6. Respondent agrees that failure to timely comply with any terms of this agreement and consent order shall be deemed sufficient grounds for revocation of her license.

CONSENTED TO THIS THE 14 DAY OF August, 2007.

Candace Bunn Davies
Respondent

APPROVED BY THE BOARD THIS THE 20th DAY OF August 2007
2007.

NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS



BY: Anthony W. Winstead
President



NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #: 200506-039

IN THE MATTER OF:
Brenda Jones Markham, CPA, #29062
Respondent

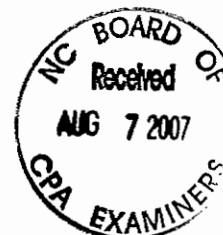
CONSENT ORDER

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to NCGS 150B-41, the Board and Respondent stipulate the following Findings:

1. Respondent is the holder of North Carolina certificate number 29062 as a Certified Public Accountant.
2. An individual filed a complaint with the North Carolina State Board of CPA Examiners in which the individual alleged that Respondent violated the North Carolina Accountancy laws and rules based on her knowledge of and relationship with her the business owned by Respondent's spouse who was the accountant for the individual's business.
3. Respondent's spouse was convicted of misappropriation of funds from the individual's business.
4. Respondent claims no knowledge of or involvement in the misappropriation of funds by her spouse but acknowledges she benefited from the misappropriated funds.
5. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Consent Order with the Board *ex parte*, whether or not the Board accepts this Consent Order as written. Respondent understands and agrees that this Consent Order is subject to review and approval by the Board and is not effective until approved by the Board at a duly constituted Board Meeting.

BASED upon the foregoing, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.



Consent Order - 2
Brenda Jones Markham

2. Respondent's actions as set out above constitute violations of NCGS 93-12(9), and 21 NCAC .08N.0201, .0203 and .0301.

BASED on the foregoing and in lieu of further proceedings under 21 NCAC Chapter 8C, the Board and Respondent agree to the following Order:

1. Respondent surrenders her certificate. Respondent shall not petition for modification of this discipline and reissuance of her certificate any sooner than five years from the date this order.

CONSENTED TO THIS THE 4 DAY OF August 2007.

Brenda Jones Markham
Respondent

APPROVED BY THE BOARD THIS THE 20th DAY OF April 2007.
2007.

NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS



BY: Atty. General
President



NORTH CAROLINA
WAKE COUNTY

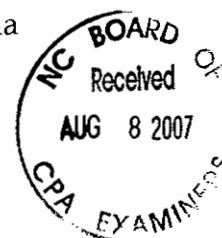
BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #: 200604-036

IN THE MATTER OF:
Ralph Q. Summerford, #28981
Ralph Q. Summerford, CPA, P.C.
Respondents

CONSENT ORDER

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to NCGS 150B-41, the Board and Respondent stipulate the following Findings:

1. Respondent Ralph Q. Summerford (hereafter "Respondent Summerford") is the holder of North Carolina certificate number 28981 as a Certified Public Accountant.
2. Respondent Ralph Q. Summerford, CPA, P.C. (hereafter "Respondent firm"), is a licensed certified public accounting firm in North Carolina.
3. Respondent Summerford and Respondent firm contracted with the Wake County Board of Education (Board of Education) to provide a special purpose audit of the Wake County Public School System in compliance with the Board of Education's "Request for Proposal for Audit Services" as issued on August 11, 2005.
4. A "Fraud Vulnerability Assessment" report, purportedly prepared in accordance with Statements for Standards on Attestation Engagements was issued on March 7, 2006, in the name of Summerford Accountancy, P.C. Summerford Accountancy, P.C. is not registered to provide professional services in North Carolina. Summerford Accountancy, P.C., is registered as a CPA firm in Alabama. Respondent Summerford is the President of Summerford Accountancy, P.C. Summerford Accountancy, P.C. obtained a certificate of authority in North Carolina for a foreign professional corporation under the fictitious name, Ralph Q. Summerford, CPA, P.C.
5. Kelly J. Todd, the senior engagement manager for the contract with the Board of Education, signed and submitted a cover letter with the "Fraud Vulnerability Assessment" report for issuance in and use in North Carolina



Consent Order - 2

Ralph Q. Summerford

Ralph Q. Summerford, CPA, P.C.

with the title "CPA." Ms. Todd is not now nor has she ever been licensed as a North Carolina CPA. Ms. Todd is licensed as a CPA in Alabama.

6. Respondents wish to resolve this matter by consent and agree that the Board staff and counsel may discuss this Consent Order with the Board *ex parte*, whether or not the Board accepts this Consent Order as written. Respondents understand and agree that this Consent Order is subject to review and approval by the Board and is not effective until approved by the Board at a duly constituted Board Meeting.

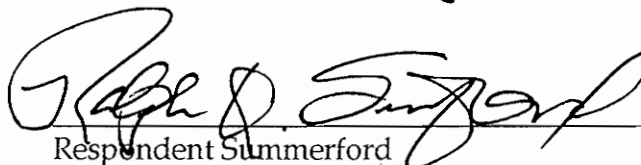
BASED upon the foregoing, the Board makes the following Conclusions of Law:

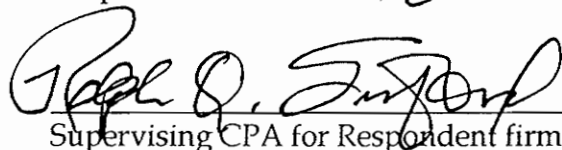
1. Respondents are subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.
2. Respondents' actions as set out above constitute violations of NCGS 93-5, and 21 NCAC 8N .0202 (b)(10), .0302 (a) and .0307 (a).

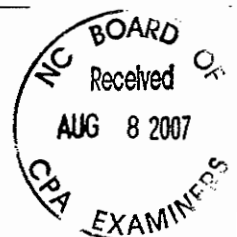
BASED on the foregoing and in lieu of further proceedings under 21 NCAC Chapter 8C, the Board and Respondent agree to the following Order:

1. Respondent firm and Respondent Summerford are censured.
2. Respondent Summerford and Respondent firm shall each pay a two thousand dollar (\$2,000.00) civil penalty to be remitted with this signed Order.
3. Respondent shall reimburse the Board the administrative costs regarding this matter.

CONSENTED TO THIS THE 7th DAY OF August, 2007.


Respondent Summerford


Supervising CPA for Respondent firm



Consent Order - 3
Ralph Q. Summerford
Ralph Q. Summerford, CPA, P.C.

APPROVED BY THE BOARD THIS THE 20th DAY OF August 2007,
2007.

NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS



BY: _____

President

Ruthy Wintia



**NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS**



RESOLUTION

WHEREAS, Thurman L. Gause has served as a member of the North Carolina State Board of Certified Public Accountant Examiners since 2004;

WHEREAS, during his tenure he served as Chair of the Professional Education & Applications Committee and as Chair of the Personnel Committee;

WHEREAS, during his tenure he has served faithfully and tirelessly as a leader in the profession and is an eloquent spokesman for the best interest of the public and the profession;

BE IT THEREFORE RESOLVED that the members of the North Carolina State Board of Certified Public Accountant Examiners thank Thurman L. Gause for his dedicated service, his personal sacrifice to serve the public interest, and his leadership to the Board.

This the 20th day of August 2007.

North Carolina State Board of
Certified Public Accountant Examiners

A handwritten signature in cursive script, reading "Arthur M. Winstead, Jr.", written over a horizontal line.

Arthur M. Winstead, Jr., CPA, President



**NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS**



RESOLUTION

WHEREAS, Leonard W. Jones, CPA, has served as a member of the North Carolina State Board of Certified Public Accountant Examiners since 2002;

WHEREAS, during his tenure he served as Secretary-Treasurer, Vice President, and President of the Board,

WHEREAS, during his tenure he served as Chair of the Executive Committee, the Communications Committee, and the Professional Education & Applications Committee;

WHEREAS, during his tenure he served as a member of the Personnel Committee and the Professional Standards Committee;

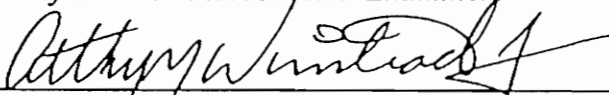
WHEREAS, he has represented the Board and the profession through his service as a member of numerous committees of the National Association of State Boards of Accountancy and the American Institute of CPAs;

WHEREAS, during his tenure he has faithfully and tirelessly served as a leader in the profession and is an eloquent spokesman for the best interests of the public and the profession;

BE IT THEREFORE RESOLVED that the members of the North Carolina State Board of Certified Public Accountant Examiners thank Leonard W. Jones, CPA, for his dedicated service, his personal sacrifice to serve the public interest, and his leadership to the Board.

This the 20th day of August 2007.

North Carolina State Board of
Certified Public Accountant Examiners


Arthur M. Winstead, Jr., CPA, President

